



Consumer Corner

by Illinois Attorney General LISA MADIGAN



FINANCES 101: COLLEGE STUDENTS, CREDIT CARDS, & ID THEFT

College is an exciting time of transition. During these important years, students make decisions about majors and internships that will shape their entire lives. However, the same student who agonizes over whether to minor in anthropology or psychology may not think twice about the risks of credit card debt and ID theft. Unfortunately, students who fail to guard against costly credit card and identity theft traps may pay the price well past graduation.

Q. I'm just a college student struggling to get by financially. Am I really at risk for identity theft?

A. Yes, you are. College students make attractive targets for identity thieves. Identity thieves take much more than money—they steal your name, your identity, and your credit history. For this reason, students are just as vulnerable to identity theft as anyone else. In fact, college students may even be more vulnerable to identity theft than the average consumer. College students are regularly required to share their personally identifying information when accessing basic college services. As a result, they may become less than vigilant about protecting that information.

Fortunately, Illinois law now protects the identities of students by restricting school use of Social Security numbers (SSNs) as identifiers and forbidding the sharing of these numbers. Specifically, students in Illinois enjoy the following protections:

- School districts and community colleges may not provide a student's SSN to a business or financial institution that issues credit or debit cards.
- The University of Illinois, University of Southern Illinois, Illinois State University, Northern Illinois University, Eastern Illinois University, Western Illinois University, Chicago State University, Northeastern Illinois University, and Governors State University may not provide a student's SSN to a business or financial institution that issues credit or debit cards. These schools are also prohibited from printing an individual's SSN on any card or other document required for accessing the products or services they provide.

Students should also do their part to protect their SSNs by divulging them only when necessary.

Q. When I was visiting colleges last year, I noticed tables set up everywhere advertising credit cards and offering free “stuff” such as t-shirts for submitting an application. Now that I'm headed to college in the fall, I'm considering applying for a credit card on campus. What should I know before I apply?

A. Many students find having a credit card useful to pay for some school necessities and to have as a back-up in case of emergency. However, if students aren't careful, they can soon lose control of their spending habits and end up with debt they can't afford to repay.

To ensure that you don't fall into the debt trap, follow these tips:

- Shop around before you apply. Look for a card with a low interest rate—and no annual fee. Make sure you understand all of the terms of the credit card, including triggers that could cause your interest rate to rise.
- Choose a major credit card. Limit your plastic to one card that will be accepted anywhere.
- Pay your balance in full each month. To keep your balance manageable, keep good records of your spending and stick to a budget.
- Keep your parents in the loop. Talk to your parents about your credit card use and tell them if you need help.

Additionally, since credit card applications are a common source of identity theft, students should buy a small shredder for their dorm room and destroy applications (and other documents containing personal information) before throwing them away.

By managing your credit carefully now, you can ensure that you will graduate free of credit card debt. (Information adapted from www.ftc.gov.)